GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:4149
ANSWERED ON:18.08.2000
AGENT ACT, 1972
RAVINDRA KUMAR PANDEY

Will the Minister of FINANCE be pleased to state:

(a) whether Agent Act, 1972 has been repealed and implemented new Agent Act, 2000;

(b) if so, the date from which the Agent Act, 1972 has been repealed and the date from which the new Agent Act, 2000 implemented/proposed to be implemented;

(c) whether there will be a decline in the number of agents due to implementation of new Agent Act and the income of insurance companies will be affected as a result thereof;

(d) if so, the details thereof;

(e) the names of countries in which Life Insurance Corporation of India is operating its business; and

(f) the details of the profit/loss incurred by Life Insurance Corporation of India, as on date, subsidiary-wise?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL)

a)&(b): The Life Insurance Corporation of India (Agents) Rules, 1972 have not been repealed.The Insurance Regulatory and Development Authority (IRDA) has notified the Insurance Regulatory andDevelopment Authority (Licensing of Insurance Agents) Regulations, 2000 which would be the model regulations for all insurers. These regulations have come into force from 19th July, 2000. The Life Insurance Corporation (LIC) would be modifying the LIC(Agents) Rules, 1972, isssued under LIC Act, 1956 accordingly.

(c)&(d): According to LIC the decline in the number of agents due to implementation ofthe Regulations issued by IRDA cannot be assessed at present. No reduction in the premium income of Corporation is foreseen at this stage.

(e): The Life Insurance Corporation of India is doing business in United Kingdom, Fiji, Mauritius and Bahrain.

(f): There is no subsidiary of Life Insurance Corporation of India(LIC).The profit/loss in life insurance business is not synonymous/similar to that in other classes of business and hence it cannot be known/ascertained from the audited accounts of a life insurance company. In case of life insurance business the surplus/deficit can be ascertained only through conducting an actuarial valuation. The valuation of life insurance business transacted by LIC as on 31st March, 1999 disclosed a surplus ofRs.5300.49 Crores out of which Rs.5035.47 Crores was allocated to the policy holders owning/havingwith-profit policies and Rs.265.02 Crores was paid to the Central Government as per Section 28 of LIC Act, 1956.